

Stakeholder Comment Form

**ISO Rules Process
Proposed Level I Changes to Existing ISO Rule 6.6**

NOTE: The ISO is asking market participants to give an initial indication of their support for, or opposition to, the specific ISO rule changes referenced below. Such an initial indication assists in the ISO’s practical understanding of the receptivity of the industry to the proposed changes, and in that regard the ISO thanks in advance all market participants who choose to respond. With regard to the specific ISO rule changes and their implications, such responses are without prejudice to the rights of market participants under the Act, any regulations, or related decisions of the Commission.

Date of Request for Comment: May 26, 2009
Period of Consultation: May 26 through June 12, 2009

Comments From: Nexen Marketing
Date: June 11, 2009
Contact: Ed Hucman
Phone: 403.699.5413
E-mail: ed_hucman@nexeninc.com

6.6 Pool Participant Non-Compliance with Energy Market Dispatch and Directives	
<p>Definitions – for the purpose of this rule the terms below are defined as follows:</p> <p>“allowable dispatch variance” (ADV) as measured from the dispatch quantity (MW), means for each generating asset:</p> <ul style="list-style-type: none">(i) plus or minus five (5) MW for generating assets with a maximum capability of two hundred (200) MW or less, or(ii) plus or minus ten (10) MW for generating assets with a maximum capability of greater than two hundred (200) MW. <p>“10 minute clock period” means any one of the following six 10 minute periods in any hour:</p> <ul style="list-style-type: none">ME:01 to ME:10ME:11 to ME:20ME:21 to ME:30ME:31 to ME:40	<p>X Support Oppose No Comment</p>

ME:41 to ME:50
ME:51 to ME:60

where “ME” means minute ending.

“operational deviation” means:

- (i) a **generating asset** is unable to comply with the **ramping** requirements set out in **rule 6.6.3(a)** or 6.6.3(b), or
- (ii) a **generating asset** operating in **steady state** varies outside its **ADV** due to **force majeure** or any other circumstances related to the operation of the **generating asset** which could reasonably be expected to affect the **available capability** or safety of the **generating asset**, third party facilities, contracts or arrangements, the environment, personnel working at the **generating asset** or the public.

“**ramping**” means the state of operation that begins at the point in time an **energy market dispatch** has been issued for a **generating asset** and continues until the point in time the **generating asset** has reached the quantity (MW) specified in the **energy market dispatch**, plus or minus the **ADV** for that **generating asset**.

“**steady state**” means the state of operation that begins the first **10 minute clock period** following the period in which a **generating asset’s** output has reached the quantity (MW) specified in an **energy market dispatch**, plus or minus the **ADV** for that **generating asset**.

Reason for Stakeholder Positions:

Nexen is generally supportive of the proposed details outlined above but suggests additional clarity is required. Stakeholders would benefit from additional clarity for circumstances where a generator receives multiple energy dispatches within a 10 minute window. For instance, a generator may receive a 50 MW/h dispatch at 11am, the generator then begins to ramp up in an effort to meet the dispatch. At approximately 11:07am the same generator receives another dispatch to drop output to some level below 50 MW/h. A brief discussion on how this is circumstance would be managed by the AESO would be helpful.

Alternate Proposal:

6.6.1 Dispatch Compliance Responsibilities

- (a) A **pool participant** may only deliver energy to the **AIES** pursuant to a **dispatch** or a **directive** issued by the **system controller**.
- (b) Subject to the provisions of this **rule 6.6**, a **pool participant** must comply with and follow an **energy market dispatch**.
- (c) With regard to its responsibilities under **rule 6.6.1 e**), a **pool participant** must use all reasonable best efforts to cause any **generating assets** referenced in an **energy market dispatch** or **directive** to be operated to the quantity (**MW**) that is the subject of that **dispatch** or **directive**, using good electric operating practice.
- (d) The **pool participant** must coordinate its energy, **dispatch down service** and **ancillary services** submissions to ensure that it is able to comply with all **dispatches** related to those submissions.
- (e) The **pool participant** must meet its **energy market dispatch** or **directive** compliance responsibilities using a standard of practice attained by exercising the degree of knowledge, skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person engaged in the same type of undertaking, including the design, implementation and use of a reasonable **energy market dispatch** or **directive** protocol together with personnel and software systems designed to detect and address errors or omissions in a timely fashion.

X Support
Oppose
No Comment

Reason for Stakeholder Positions:

Nexen is generally supportive of the proposed responsibilities outlined above. Nexen submits that additional clarity and accountability is required from the AESO as it relates to point (d). Nexen is concerned with the timeliness and coordination of energy, DDS and ancillary service dispatches issued to pool participants. As noted in Nexen’s February 6, 2009 comments, Nexen has often witnessed substantial delays (greater than 5 minutes) between receiving for instance a DDS dispatch and the corresponding energy dispatch (via ADaAMS). Not only does the quick ramping up and down of the generating unit cause extreme wear and tear on the unit it but it also exposes the generator to a significant ambiguity regarding its compliance obligations. Nexen suggests that the AESO accommodate these circumstances in the ISO Rule and undertake an initiative to improve the management of the dispatch instructions issued from the system controller.

Alternate Proposal:

6.6.2 Steady state Compliance

- (a) During **steady state**, with reference to an **energy market dispatch** issued to a **pool participant** the average quantity (MW) delivered by a **generating asset** in any **10 minute clock period** must not vary from the **energy market dispatch** quantity (MW) by more than the **ADV**.
- (b) A **pool participant** that is supplying **regulating reserve** from a **generating asset** must ensure that the quantity (MW) delivered in any **10 minute clock period** is:
- (i) not less than the **energy market dispatch** quantity (MW) minus the **ADV** and
 - (ii) not greater than the **energy market dispatch** quantity (MW) plus the **regulation reserve** plus the **ADV**.

X Support
Oppose
No Comment

Reason for Stakeholder Positions:

Please refer to Nexen's comments provided in Section 6.6 above.

Alternate Proposal:

6.6.3 Ramping Compliance

- (a) In accordance with an **energy market dispatch** issued to a **pool participant**, the output of a **generating asset** which is the subject of the **energy market dispatch** and is **ramping** must be changed in a sustained manner towards the quantity (MW) indicated in that **energy market dispatch** within ten (10) minutes of the time specified in the **energy market dispatch**.
- (b) a **generating asset** must reach **steady state** in:
- (i) no longer than the period of time calculated as follows:
 - (A) divide the incremental **energy market dispatch** quantity (MW) by the **ramp rate** submitted by the **pool participant** in the **Energy Trading System**;
 - (B) add forty percent (40%) of the time calculated in **rule 6.6.3(b)(i)(A)** or five (5) minutes

Support
X Oppose
No Comment

<p>whichever is greater;</p> <p>(C) add the ten (10) minutes referred to in rule 6.6.3 (a);</p> <p>and</p> <p>(ii) no sooner than the period of time calculated as follows:</p> <p>(A) divide the incremental energy market dispatch quantity (MW) by the ramp rate submitted by the pool participant in the Energy Trading System;</p> <p>(B) subtract forty (40%) of the time calculated in rule 6.6.3(b)(ii)(A) or five (5) minutes whichever is greater.</p>	
<p><i>Reason for Stakeholder Positions:</i></p>	
<p>As noted in our February 6, 2009 and April 3, 2009 comments, Nexen opposes the implementation of ramp profile as a component of dispatch / directive compliance. While the newly proposed ramp profile approach now contemplates a tolerance band, Nexen feels the tolerance band will not adequately account for the variability in ramp profiles for different generators. Environmental conditions along with the unique operating characteristics of a generating unit cannot be adequately captured in a single generic ramp profile. Although the proposal now includes a 40% tolerance band, there is insufficient data to suggest that this is a reasonable adjustment or if this change can be reasonably attained by all market participants. Nexen submits the continued application of a ramp profile is unnecessarily complex and is contrary to the balance between market obligations, flexibility and stakeholder equity this Rule is striving to achieve.</p>	
<p><i>Alternate Proposal:</i></p>	
<p>As noted in Nexen's previous comments the AESO's original +/- 40% tolerance approach appears to be a much more reasonable approach. The +/- 40% tolerance window appears to effectively balance market obligations, flexibility, system operations and stakeholder equity.</p> <p>Nexen in its previous comments also noted that another alternative the AESO may also consider would be to adopt the compliance requirements as currently employed in the ancillary services market (i.e. have participants meet dispatch instructions within a set amount of time i.e. 20 min). The rules are clear, they meet the AESO's operational requirements and industry participants have complete transparency regarding their compliance obligations.</p>	

6.6.4 Operational deviation Energy Market Dispatch Relief

- (a) With respect to an **energy market dispatch**, in the event that a **generating asset** experiences an **operational deviation**, the **pool participant** must verbally inform the **system controller** as soon as practical of the occurrence of the **operational deviation** and provide a description of the cause if known.
- (b) The **pool participant** must inform the **system controller** by telephone of the information required under **rules 6.6.4 (a)** on a recorded line on the **ISO** voice recording system.
- (c) Unless otherwise instructed by the **system controller**, the **generating asset's available capability** must be restated in accordance with **rule 3.5.4.2** by the end of the next full **10 minute clock period** after which the **operational deviation** occurred if the **operational deviation** extends for that period or longer.

Support
Oppose
No Comment

Reason for Stakeholder Positions:

While Nexen generally supports the requirements outlined above, additional clarity regarding the “10 minute clock” to change the units AC as outlined in 6.6.4 (c) would be helpful. Nexen’s understanding of this approach is that if a generator experienced an AOR at 10:01 the operator would have until 10:20 (i.e. 19 minutes) to change the AC for the unit. Or if the AOR took place at 10:09 the operator would have until 10:20 (i.e. 11 minutes) to revise their AC. While Nexen feels the first case should provide sufficient time for an operator to revise a units AC, the second scenario may not be an adequate amount of time.

To illustrate, the following is a high level timeline for an operator to respond to an AOR:

- Starting with a participant’s ‘data’ feeds – alarm response times are dependent upon the data source and its operational status (1 – 3 minutes).
- The real-time desk operator then analyzes the alarm; is the alarm “real” or a data feed problem (1-3 minutes)
- The real-time desk operator then contacts the plant to ascertain what has occurred (approximately 2 – 5 minutes depending on the severity of the issue and plant personnel response)
- The real-time desk operator contacts the system controller informing them of the issue (1-2 minutes)
- The real-time desk operator makes the necessary changes in ETS (1-2 minutes)
- Total time is approximately 15 minutes for participants that have a real-time desk. Those participants that do not have a real-time desk, a short reporting window is even more burdensome as a plant operators first responsibility is the safety of employees along with the safe operation of plant equipment.

Nexen submits the approach is flawed as the amount of time a participant has to comply with the Rule is dependent upon when within the

10 minute clock window an AOR occurred. Nexen suggests it would be more equitable to settle on a specific amount of time (i.e. within 20 minutes) that participants must change their AC following an AOR.

Alternate Proposal:

6.6.5 Exceptions to Non-Compliance

Notwithstanding the provisions set out in **rules 6.6.2, 6.6.3 and 6.6.4**, a **pool participant** will not be considered to be non-compliant with an **energy market dispatch** for a **generating asset** if the **pool participant** has met its responsibilities as set out in **rule 6.6.1** and if one or more of the following circumstances occur:

- (a) The **generating asset** is **ramping** into position to provide **operating reserves** in response to an **operating reserve dispatch** in the fifteen (15) minutes before the time indicated in that **dispatch**;
- (b) The **generating asset** is operating below the **minimum stable generation** level indicated in the **Energy Trading System**, but only if that **generating asset** is:
 - (i) coming on line and its **available capability** submitted to the **ISO** is equal to its **minimum stable generation** and it has received an **energy market dispatch** for that quantity (MW);
 - (ii) going off line and its **available capability** submitted to the **ISO** is equal to zero (0) and it has received an **energy market dispatch** for that quantity (MW);
 - (iii) unable to follow the **ramp rate** submitted by the **pool participant** in the **Energy Trading System** when its output is being increased to its **minimum stable generation** and a verbal plan has been submitted to the **system controller** indicating the proposal for **ramping to minimum stable generation**, which verbal plan must be updated for deviations of greater than thirty (30) minutes or fifty (50) MW; or
 - (iv) stopped at an output level not identified in the verbal plan referenced in iii) above, but which is below **minimum stable generation** for more than fifteen (15) minutes for an operational reason and has restated its **available capability** accordingly.
- (c) The **generating asset** is responding to abnormal frequency through automatic governor action;

X Support
Oppose
No Comment

- | | |
|--|--|
| <p>(d) An operational deviation has occurred and the pool participant has complied with rule 6.6.4; or</p> <p>(e) Energy delivered to the AIES from a generating asset while it is being tested or commissioned or both, but only if the pool participant has complied with the ISO Operating Policies and Procedures and has received approval from the system controller.</p> | |
|--|--|

Reason for Stakeholder Positions:

Nexen generally supports the proposed requirements but opposes b(iii) as it relates to the need for market participants to submit a ramp profile for compliance. Please see the comments provided in Section 6.6.3 above.

Alternate Proposal:

Other Comments:

Please return this form with your comments by June 12, 2009, to:
 Doug Simpson
 Director, Market Operations
 E-mail: doug.simpson@aeso.ca
 Phone: (403) 539-2494
 Fax: (403) 539-2949